



DEPARTMENT OF THE ARMY
US ARMY CONTRACTING AGENCY SOUTHERN REGION HEADQUARTERS
1301 ANDERSON WAY SW.
BUILDING 130
FT McPHERSON, GA 30330-1096

REPLY TO
ATTENTION OF

SFCA-SR-CO

29 January 2003

MEMORANDUM FOR Army Contracting Agency, Southern Region Installations

SUBJECT: Southern Region Implementation Memorandum (SRIM) 03-08, Vendor Payments

1. Reference is made to the Office of the Assistant Secretary of the Army's memorandum dated 23 December 2002, subject: Vendor Payments (encl 1). This memorandum outlines several vendor payment recommendations as discussed in an Office of the Inspector General, Department of Defense (DoDIG) audit report entitled "Controls Over Vendor Payments Made for the Army and Defense Agencies Using the Computerized Accounts Payable System (D-2002-0056)," dated 6 March 2002.
2. Directorates of Contracting personnel should review the aforementioned audit and, as a minimum, ensure the establishment and implementation of payment procedures are in accordance with the Inspector General's recommendations. A complete copy of the audit can be accessed through the DoDIG website at <http://www.dodig.osd.mil/audit/reports/> by clicking on "Audit and Evaluation Reports," selecting "FY 2002," and going to Report "D-2002-056."
3. If additional information is needed, please contact Ms. Vickie Jordan, email: Vickie.jordan@forscom.army.mil, DSN 367-0472 or commercial 404-464-0472.

TONI M. GAINES
Deputy Director
Army Contracting Agency
Southern Region

Encl
as



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

23 DEC 2002

SAAL-PP

**MEMORANDUM FOR PRINCIPAL ASSISTANTS RESPONSIBLE FOR
CONTRACTING**

SUBJECT: Vendor Payments

The Office of the Inspector General, Department of Defense (DoDIG) issued an audit report entitled "Controls Over Vendor Payments Made for the Army and Defense Agencies Using the Computerized Accounts Payable System (D-2002-056)" on March 6, 2002, that evaluated the controls associated with making vendor payments using the Computerized Accounts Payable System (CAPS) and the progress being made in transitioning to the Defense Procurement Payment System. The report can be accessed through the DoDIG website at <http://www.dodig.osd.mil/audit/reports/> by clicking on "Audit and Evaluation Reports," selecting "FY 2002," and going to Report "D-2002-056".

Many of the recommendations in the report were directed to the Defense Finance and Accounting Service (DFAS) and the Under Secretary of Defense (Comptroller) and dealt with the vendor payment process itself. The report also makes some recommendations which require direction to Army contracting offices to improve the use of delivery orders and the comprehensiveness of contracting documents that are integral to the payment process. In response to these recommendations, identified as Recommendations C.1.c, C.3.a., C.3.b., and C.3.c. in the report, the following is provided for your consideration and implementation.

Vendor payment systems can only function properly, when the documents supporting those payments comply with 5 Code of Federal Regulations Part 1315, and meet the requirements of Federal Acquisition Regulation (FAR) Subpart 32.9 and Defense Federal Acquisition Regulation Supplement Subpart 232.9--Prompt Payment, respectively, and DoD Regulation 7000.14-R, Volume 10 (DoD Financial Management Regulation).

To ensure that contracting offices recognize the importance of their involvement in the payment process it is imperative that you:

a. Reiterate the following to contracting offices:

(1) Through the preparation of contracting documents, they have a vital role in the payment process.

(2) The designation of more than one payment office can confuse the vendor payment process and increase the likelihood of erroneous or duplicate payments being made, and should be avoided.

(3) They have a proactive decision making role in the use of forms for payment. In those situations where certification of receipt/acceptance of supplies or services will be required to support payment, they should consider the use of the DD Form 1155 and DD Form 250. The Standard Form 1034 may be used as an invoice for payment purposes. When the SF1034 is used, it must contain the specific information identified in FAR 32.905(b).

b. Direct them to ensure that their solicitations, contracts, and orders issued under those contracts include the requisite instructions and clauses for payments and submission of requests for payment as prescribed in FAR 32.908.

c. Direct them to correctly identify all items specified in FAR 32.905(b) so that the designated payment offices can properly match invoice and receipt information and process payments to the right vendors.

d. Require them to be cognizant of the provisions in FAR 32.904 when specifying due dates in contracts and orders.

I appreciate your assistance in accomplishing the foregoing. Questions may be directed to my POC, Mr. Bill Kley at commercial (703) 604-7103, DSN 664-7103 or via email to bill.kley@saalt.army.mil.



E. Ballard

Acting Deputy Assistant Secretary of the Army
(Policy and Procurement)